

2004 Tax Year Information

KTRS will mail your 1099R tax form the last week of January 2005. Duplicates for lost 1099Rs may be requested after February 7th by calling 800-618-1687. The information center will confirm your name and address. The tax statement contains confidential information and can only be mailed to the member's address on record. For your protection, it is necessary that the member, Power of Attorney or beneficiary mail (or fax 502-573-0254) KTRS a written request in order to send the 1099R to a different address. This special request will not change your permanent record unless you specifically request it to be changed.

Please also visit our web site for additional information

and forms. Change of address forms can be found on our Web site at ktrs.ky.gov.



KTRS 800-618-1687

KERS 502-564-4646

KERS Toll Free 800-928-4646

Deferred Compensation 502-573-7925

Toll Free 800-542-2667

Revenue Cabinet 502-564-4581

IRS 800-829-1040

THE EASY EXPLANATION

BOX 1 (less) BOX 2a = BOX 5

BOX 1

Shows your total KTRS pension benefit prior to withholdings.

BOX 2a

Shows the taxable portion of your benefit. If blank, box 2b "Taxable Amount Not Determined" should be marked. In this case, please see your tax advisor.

BOX 5

Shows the nontaxable portion of the total. This amount is **NOT** reported anywhere on your tax return. It is an 'information only' box.

BOX 9b

This box will only show an amount in the first year of retirement. It provides the total amount of previously taxed contributions.

Form 1099-R
2004

OMB No. 1545-0119 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.

Payer's Federal Identification Number
61-0600439

FEDERAL
COPY B - File with Recipient's
FEDERAL Tax Return

Payer's Full Name and Address
TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF Kentucky
479 Versailles Road, Frankfort, Kentucky 40601

1 Gross Distribution

BOX 1

2a Taxable Amount

BOX 2a

2b Taxable Amount Not Determined ☐

Total Distribution ☐

3 Amount in Box 2a Eligible for Capital Gain Election

4 Federal Income Tax Withheld

5 Employee Contributions

BOX 5

BOXES 10-13
Shows the state tax information. KTRS does not withhold state taxes. Only the service earned after 1/1/98 is subject to **Kentucky** state taxes. Outside Kentucky, your resident state tax regulations apply.

6 Net unrealized appreciation in employer's securities

7 Distribution Code

IRA/SEP ☐

8 Other

9a Your Percentage of Total Distribution

9b Total Emp. Contribution

BOX 9b

10 State Tax Withheld

11 State/Payer's State Number KY 077156

BOX 11

12 State Taxable Amount

BOX 12

State Percentage %

BOX 13

BOX 10

Any insurance premiums paid by the member will be listed below Boxes 10-13.

Kentucky State Tax Laws

The good news is that in preparing your Kentucky state income taxes, there is a \$40,200 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the state return allows adjustments to the federal AGI. Schedule P of the state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

Other Considerations . . .

In the event of the member's death, adjustments to the account are common. KTRS pays benefits up to the date of death. An adjustment may make it necessary to send a Corrected 1099R.

The corrected 1099R will show the date of change on the bottom of each copy. Please use the latest dated copy for tax filing purposes. All corrections are reported to the IRS.

Schedule M

Add all your 1099R, box 2a, FEDERAL taxable amounts.

IF THE TOTAL IS UNDER \$40,200 YOU DO NOT HAVE TO FILL OUT SCHEDULE P. Just subtract the amount from the federal AGI by entering the amount on Part II, line 10. Therefore, you do not owe any state taxes on pensions.

IF THE TOTAL IS OVER \$40,200 YOU MUST FILL OUT SCHEDULE P. Even if you are required to fill out a Schedule P, most retired teachers still do not owe any state taxes.

Schedule P

Add all your 1099R, box 12, STATE taxable amounts. Enter the total on Part II of Sch P.

IF THE TOTAL IS UNDER \$40,200 YOU DO NOT OWE ANY STATE INCOME TAX ON PENSIONS. Follow instructions on completing the schedule.

IF THE TOTAL IS OVER \$40,200 YOU OWE STATE TAXES ON THE AMOUNT ABOVE THE EXCLUSION AMOUNT. Again, follow instructions on completing the schedule.

CAUTION:

- *An amount in the 1099R, Box 12 does not mean you owe state taxes!!***
- *The requirement to prepare Schedule P does not mean you owe state taxes!***

| <p><i>How Does KTRS Compute the State Taxable Amount?</i></p> | <p>STEP 1</p> <p>Years of service after January 1, 1998, divided by total years of service is the state taxable percentage.</p> | <p>STEP 2</p> <p>The state taxable percentage times the federal taxable amount equals Box 12 the state taxable amount.</p> |
|---|--|---|
| <p>Retired Prior to January 1, 1998</p> | <p>Retired After January 1, 1998</p> <p>TOTAL FEDERAL RETIREMENT INCOME LESS THAN \$40,200</p> | <p>Retired After January 1, 1998</p> <p>TOTAL RETIREMENT INCOME MORE THAN \$40,200</p> |
| <p>KTRS remains as STATE NONTAXABLE income. If you receive more than \$40,200 federal taxable pension income you still must prepare Schedule P.</p> | <p>If total federal taxable income is less than \$40,200 then all pension income is STATE NONTAXABLE income.</p> | <p>You must fill out Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the Schedule P.</p> |